

News from Ed Markey

United States Congress

Massachusetts Seventh District

FOR IMMEDIATE RELEASE

July 5, 2005

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28 NEW ENGLAND LAWMAKERS CALL ON FERC TO REJECT ANTI-CONSUMER ENERGY PROPOSAL

Proposed Plan Likely to Increase Electric Bills Up to 24%

WASHINGTON, DC –Representative Edward J. Markey (D-MA), a senior Democrat on the House Energy and Commerce Committee, sent a letter today from 28 New England lawmakers to the Federal Energy Regulatory Commission (FERC) urging the rejection of a proposal by the operator of the region's electricity transmission system for an estimated \$13 billion rate hike for New England consumers to provide payments to owners of electrical power generating stations in the region. The Markey letter, signed by 28 of the 33 New England House Members and Senators expresses opposition for the ISO New England's "Locational Installed Capacity Proposal" (LICAP) which would ask New England residents to pay a special fee to provide financial incentives for these companies build more plants.

"This anti-consumer, anti-competition proposal would give the power generating companies a huge financial windfall with no guarantee that they would build any new power plants in New England," said Representative Markey, who organized the letter.

The bipartisan, bicameral letter to incoming FERC Chairman Joseph T. Kelliher was signed by Representatives Edward J. Markey (D-MA), Thomas Allen (D-ME), Nancy L. Johnson (R-CT), Christopher Shays (R-CT), Barney Frank (D-MA), Rob Simmons (R-CT), Rosa L. DeLauro (D-CT), Bernard Sanders (I-VT), James P. McGovern (D-MA), John F. Tierney (D-MA), Richard E. Neal (D-MA), Stephen F. Lynch (D-MA), John W. Olver (D-MA), Michael E. Capuano (D-MA), Martin T. Meehan (D-MA), William D. Delahunt (D-MA), Michael H. Michaud (D-ME), James R. Langevin (D-RI), Patrick J. Kennedy (D-RI), John B. Larson (D-CT) and Senators Christopher Dodd (D-CT), Jack Reed (D-RI), Edward M. Kennedy (D-MA), John F. Kerry (D-MA), Lincoln Chafee (R-RI), Joe Lieberman (D-CT), James M. Jeffords (D-VT) and Patrick Leahy (D-VT). In the letter, the lawmakers urged the FERC to reject ISO-New England's LICAP proposal, noting that:

"The consequences of this for New England electricity consumers could be serious. It has been estimated that the typical Boston area residential customer's electric bill would increase by a projected 21% - 24% over the next 5 years because of the LICAP payments that would go to power plant owners under the ISO's proposal. A similar 21%-24% increase is projected in Connecticut as well."

The letter, signed by 28 members of the House and Senate asserts that both consumers and small businesses will be hit with the cost of the new industry incentives scheme which will not necessarily guarantee the construction of new plants. The lawmakers noted that:

“Commercial and Industrial customers likely will also see very significant price increases. Because the LICAP payments are only “incentives,” this money will go to generators without any requirement or commitment from them to build any power plants. It is therefore entirely possible that ratepayers could spend \$13.5 billion for nothing.”

The LICAP plan, first submitted to FERC on March 1, 2004, faces broad opposition across New England. All six New England governors are opposed to the LICAP proposal and have formally registered their concerns to the Commission. In addition, every state public utility commission in New England and the New England Conference of Public Utility Commissioners (NECPUC) has filed strong opposition to this plan at the FERC. The ISO LICAP Plan has also been broadly opposed by other New England market participants and stakeholders, including governors, state attorneys general, state consumer advocates, public utilities, municipal utilities, and investor-owned utilities.

Alternative plans put forth by the Connecticut Municipal Electrical Energy Cooperative and by a group led by the Connecticut DPUC were refused even for consideration by the FERC. The testimony and supporting evidence offered by the coalition, as well as similar testimony offered by other parties, were even stricken from the record of hearings at FERC.

The lawmakers’ letter concludes that “unless FERC rejects the ISO plan, this plan and its huge rate increases will become effective on January 1, 2006. We therefore urge the Commission to reject the ISO-NE LICAP plan, and to instead direct ISO-NE to go back and consult with all affected stakeholders to come up with alternative mechanisms for ensuring that our region’s wholesale electricity markets function properly and that rates charged in such markets are just and reasonable and not unduly discriminatory or preferential – as required under the Federal Power Act.”

For more on Rep. Markey’s work to increase energy savings for consumers or a copy of the letter check out <http://www.house.gov/markey/>

